

Retail Feature Activity vs. Large Egg Inventory Graph

USDA AMS Poultry Market News

What is the purpose of this graph?

The main point of the graph is to show how actively retailers are promoting shell eggs for the Easter demand period and how this activity can be compared to fluctuations in the inventory during the same period.

What do the red bars represent?

The red bar graph represents the Large shell egg inventory taken from the Weekly Shell Egg Inventory report. The volume units are in 1,000, 30-dozen cases (i.e., 578.2 equals 578,200 30-dozen cases).

What does the line represent?

The line represents retail feature activity for Large white shell eggs as reported on the Weekly Retail Shell Egg Feature Activity report. The volume units are in 1,000 retail stores (i.e., 6 equals 6,000 stores). This number includes only regular Large white shell eggs and does not include Extra Large, Medium, brown, or specialty eggs.

What is the time relationship between the red bars and the lines?

The Weekly Shell Egg Inventory report indicates the volume of shell eggs on inventory that are available at the beginning of each week. The Retail Shell Egg Feature Activity report indicates the level of supermarket promotion for shell eggs for the 7-day period beginning on the Friday release of the report.

Shell eggs on inventory for specific retail promotions must be shipped within a fairly narrow time period to be available in stores when the promotion begins. In most instances, eggs are shipped out of inventory to a retailer's warehouse where they are reloaded to be shipped to individual stores. Once at a store, the eggs are moved into the display case in time to be available when the promotion begins. Depending on the variables, this process can take from a few days to over a week.

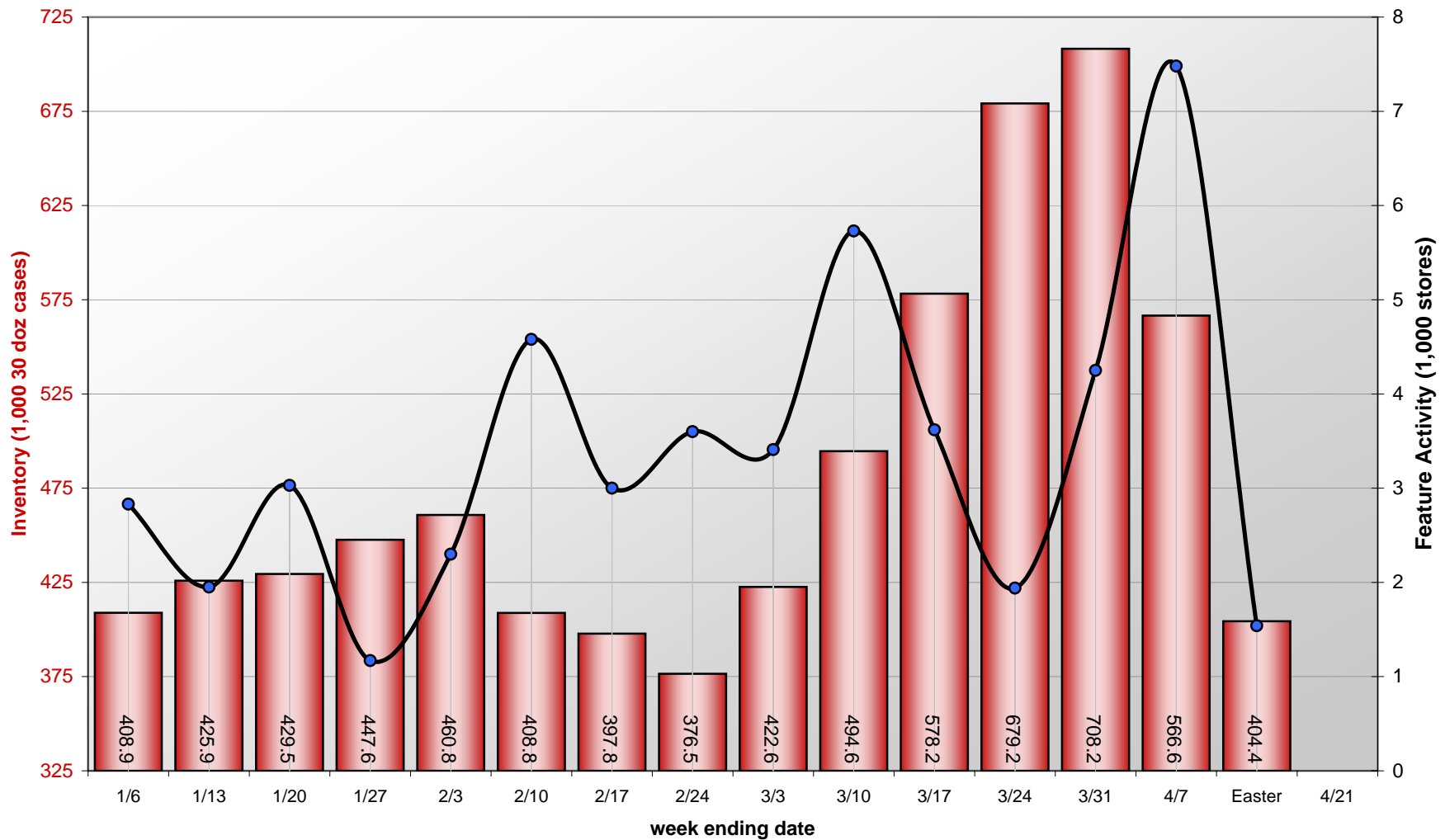
The graph takes this time frame into account by comparing the Large shell egg inventory (bars) from Monday with the Large shell egg feature activity (line) from the Friday of the same week. For example, the inventory bar labeled "3/17" on the graph represents data from the Shell Egg Inventory report released on March 13 while the feature activity line for the same point represents data from the Retail Shell Egg Feature Activity report released on March 17. Under normal circumstances, inventory reported on Monday targeting an upcoming feature should be in the distribution system for retail promotions included in that week's retail activity report. It is expected that inventory is built to cover current retail feature activity and this is why this time relationship was chosen.

What does this graph tell me?

The retail feature activity line indicates the potential for shell egg movement out of the inventory based on retailer promotional activity. Comparing inventory to retail activity can provide insight into the overall health of the market as:

1. **↑ inventory + ↑ retail activity** = a corresponding increase in inventory and retail activity indicates a strong likelihood for good shell egg movement through retail channels resulting in a healthy market.
2. **↑ inventory + ↓ retail activity** = an increase in inventory and a decrease in retail activity is a potential indication of production outpacing demand which could lead to price declines for shell eggs. However, depending on the time of the year, it could also indicate a build-up for an expected greater demand period (as in the case of Easter) which indicates producer anticipation of a healthy market with good retail clearance.
3. **↓ inventory + ↑ retail activity** = a declining inventory in the face of increased retail activity could indicate very good demand with a strong likelihood for increased shell egg prices.
4. **↓ inventory + ↓ retail activity** = a declining inventory along with a decline in retail featuring may indicate a stagnate demand and production period as might be expected through the early summer months.

Retail Feature Activity vs. Large Egg Inventory - 2006 Easter Marketing Period (Large White Shell Eggs)



Source: USDA AMS Poultry Market News